health care and dependent care spending accounts

for the 2009 plan year

Flexible Spending Accounts (FSAs) offer a great way to pay health care and/or dependent care expenses while saving money on taxes. Use this booklet to learn:

- What health care and dependent care expenses are eligible
- How to use the spending accounts to reimburse yourself for eligible expenses
- Who to call if you have questions.

how the spending accounts work

When you enroll in a Flexible Spending Account (FSA), you never pay federal or state taxes on the money you contribute to your account. That means you can save 11 to 44 cents on every dollar you spend in eligible expenses (depending on your tax bracket). It's like paying for services or products at a discount.

The County offers two types of FSAs:

- **Health Care Spending Account**
- **Dependent Care Spending Account**

Here's how they work:

1. You enroll in the Health Care Spending Account and/or Dependent Care Spending Account during annual enrollment and decide how much to contribute to each account.
2. You can use the "FSA Expense Estimation Worksheet" in the Summary Plan Description (SPD) you received in your enrollment packet to figure out how much you want to contribute. (The SPD is also available online at www.buckhrsolutions.com/countyla.)
3. Your contributions are taken out of each paycheck on a before-tax basis and credited to a recordkeeping account in your name. These payroll deductions begin with your first paycheck in January.
4. You pay eligible health care and/or dependent care expenses incurred during the year and submit a claim form to the Spending Account Plan Administrator. The spending account administrator reimburses you for expenses incurred during the year and debits the amount from your recordkeeping account. You effectively pay your expenses with tax-free dollars!

FOR DETAILED INFORMATION ABOUT THE SPENDING ACCOUNTS, SEE THE SUMMARY PLAN DESCRIPTION (SPD) INCLUDED IN YOUR ENROLLMENT PACKET. THE SPD IS ALSO AVAILABLE ONLINE AT **WWW.BUCKHRSOLUTIONS.COM/COUNTYLA.**

REMINDER: TO PARTICIPATE IN THE HEALTH CARE AND DEPENDENT CARE SPENDING ACCOUNTS, YOU MUST RE-ENROLL EACH YEAR. **PLAN CAREFULLY BEFORE ENROLLING**. CAREFULLY ESTIMATE YOUR ELIGIBLE OUT-OF-POCKET HEALTH CARE AND DEPENDENT CARE EXPENSES FOR THE COMING CALENDAR YEAR SO THAT YOU DON'T CONTRIBUTE TOO MUCH. **IRS RULES STATE THAT ANY MONEY THAT IS NOT USED TO REIMBURSE EXPENSES INCURRED DURING THE PLAN YEAR MUST BE FORFEITED.**

health care spending account

The Health Care Spending Account helps you save tax dollars on eligible medical, dental, vision, and hearing expenses for you, your spouse and your eligible federal tax dependents if those expenses are not covered by any benefit plan.

How Much Can You Contribute

You may contribute from $10 to $400 each month (up to $4,800 each calendar year) to your Health Care Spending Account.

HEALTH CARE SPENDING ACCOUNT: EXAMPLES OF ELIGIBLE AND INELIGIBLE EXPENSES

Eligible Expenses	Ineligible Expenses
• Medical and dental plan deductibles and copayments	• Cosmetic surgery and procedures if not medically necessary, including teeth whitening
• Routine physical exams	• Cotton balls, bandages, rubbing alcohol
• Orthodontia treatment not covered by your dental insurance	• Diaper service (unless medically required)
• Vision care—including prescription eyeglasses, contact lenses and solution, laser eye surgery, and nonprescription reading glasses	• Electrolysis
• Over-the-counter medications and drugs, such as pain relievers, antacids, allergy and cold medicines (with certification that the expense was for a medical condition and proof of the expense)	• Expenses reimbursed by any other health care plan, including Medicare or Medicaid
• Hearing aids and tests	• Funeral expenses
• Special equipment prescribed by a doctor for family members with mental or physical disabilities	• Health club dues (unless membership is prescribed by a doctor for a medical condition)
• Smoking-cessation programs, nicotine patches, and nicotine gum	• Herbal remedies
	• Health foods
	• Insurance premiums, including long-term care insurance premiums
	• Long-term care services
	• Nonprescription dietary supplements or vitamins
	• Nonprescription glasses
	• Vaseline, toothpaste, cosmetics
	• Weight-loss medications, nonprescribed weight-loss/control programs
	• Dependent care expenses

For a complete list of eligible and ineligible expenses, refer to IRS Publication 502 at **www.irs.gov/formspubs/index.html**. (In the section "Download forms and publications by:" click on "Publication number," then scroll down the list of publications and click on "2007 Publ 502 Medical and Dental Expenses.") Please note that some expenses that qualify as medical expenses for tax deduction purposes as described in Publication 502 (e.g., medical insurance premiums) are not eligible for reimbursement from your spending account.

IMPORTANT

Your participation in the health care spending account terminates when you stop making contributions to the account, for example, if you terminate from County service and you elect not to continue your coverage under COBRA. Expenses incurred when you are not a participant are not eligible for reimbursement.

dependent care spending account

A Dependent Care Spending Account allows you to use non-taxable County contributions and pre-tax contributions deducted from your own salary to pay certain eligible dependent care expenses so you (and your spouse) can work or attend school full-time. You can use the account to pay eligible dependent care expenses for the following qualifying individuals:

- A dependent child under age 13 whom you may claim as an exemption on your federal income tax return. Generally, in the case of divorce or separation, the parent who has custody of a child for the greater portion of the calendar year may treat the child as a dependent for purposes of the spending account.
- Your spouse (as defined under federal law) and any member of your household who is your dependent for federal tax purposes and who is physically or mentally incapable of caring for himself/herself. This person must live with you at least eight hours per day if his or her care is provided outside the home.

A qualifying child, spouse, or other dependent must live with you for at least half of the year.

How Much Can You Contribute

The County will make a non-taxable contribution to the Dependent Care Spending Account based on your annual base pay as follows:

YOUR ANNUAL BASE PAY	COUNTY'S MONTHLY CONTRIBUTION
(Subject to Annual Cap on Contribution[1])	
Less than $30,000	$375
$30,000 to $34,999	$300
$35,000 to $39,999	$275
$40,000 to $44,999	$200
$45,000 to $49,999	$125
$50,000 or more	$75

[1] *PLEASE NOTE: There is a cap on total annual County contributions. If the cap for the Plan Year is reached, the monthly contribution described above will be reduced pro rata for the month in which the cap is reached and then will be stopped completely for the remainder of the Plan Year. Because of the cap, there is no guarantee that you will receive the full monthly contribution listed above during the whole Plan Year. You will be notified if the County contribution is reduced or stopped during the Plan Year.*

If the County contribution is not large enough to cover your dependent care expenses, you may contribute additional amounts from your own pay to your Dependent Care Spending Account. Your total contributions are subject to certain limits. If you are single or married filing jointly, the total contributions to your Dependent Care Spending Account can't be greater than $4,800 (or, if less, the lesser of your or your spouse's earned income). If you are married filing separately, the total contributions can't be greater than $2,500 (or, if less, your or your spouse's earned income). The County's contribution to your Dependent Care Spending Account counts toward these limits. See the SPD you received in your enrollment packet for more information.

DEPENDENT CARE SPENDING ACCOUNT: EXAMPLES OF ELIGIBLE AND INELIGIBLE EXPENSES	
Eligible Expenses	**Ineligible Expenses**
• Day care provided at your home	• Overnight camps
• Nursery schools and preschools (if cost of schooling cannot be separated from cost of care)	• Babysitting so you can attend a social event
• Properly licensed day care centers that care for six or more children (including summer day camps)	• Kindergarten
• Care outside of the home	• Education for a child in the first grade or a higher grade
• Cost of transportation of a qualifying individual by the care provider to or from the place care is provided	• Tutoring or summer school
	• Dependents' health care expenses
	• Payments you make to: 1) someone you or your spouse may claim as a dependent; 2) your child who is under age 19 at the end of the year; 3) your spouse; or 4) the other parent of your dependent child who is a qualifying individual
	• Food, education, or entertainment expenses unless they are incidental to, and cannot be separated from, the cost of dependent care

For a complete list of eligible and ineligible expenses, go to **www.irs.gov/formspubs/index.html** and refer to IRS Publication 503. (In the section "Download forms and publications by:" click on "Publication number," then scroll down the list of publications and click on "2007 Publ 503 Child and Dependent Care Expenses.")

IF YOU HAVE QUESTIONS ABOUT THE FLEXIBLE SPENDING ACCOUNTS, HOW TO FILE A CLAIM, OR WANT TO CHECK ON THE STATUS OF A CLAIM, CONTACT THE SPENDING ACCOUNT PLAN ADMINISTRATOR (CERIDIAN) TOLL-FREE AT 1-866-300-2303.

This flyer is brought to you by your Spending Account Plan Administrator, Ceridian. If you have questions, please contact Ceridian at the number shown in the box above.

submitting your spending account expense claims

When you enroll in a Flexible Spending Account, you must submit a claim to the spending account administrator to receive reimbursement from your account. Here's how:

1. **Complete the appropriate claim form *(i.e., a Health Care Spending Account Claim Form or a Dependent Care Spending Account Claim Form)*.**

   For the Health Care Spending Account, you must submit itemized bills or receipts from the provider of the services and/or items/products, and the Explanation of Benefits (EOB) statement you received for each claim you are submitting. Canceled checks will not be accepted.

   An itemized bill or receipt must include all of these items:

   - Name of provider
   - Patient's name
   - Date of service
   - Description of service
   - Charge for service

   For the Dependent Care Spending Account, you must include itemized bills or receipts as proof of each expense. Canceled checks will not be accepted. If you are not including bills or receipts, you must provide the following information on your reimbursement form:

   - Provider signature
   - The amount paid
   - Provider address
   - The date of service
   - Provider Social Security number or tax identification number

2. **Send your completed form and documentation to the Spending Account Plan Administrator. You may:**

   Fax your form and documentation toll-free to **1-888-367-3305**, or

   Mail your completed form and documentation to:
   Spending Account Plan Administrator
   P.O. Box 67128
   Los Angeles, CA 90067

3. **Claims are processed as they are received. Either you will receive a check in the mail, or (if you prefer) your reimbursement will be deposited directly into your bank account.**

   To initiate direct deposit of your reimbursements, complete the *Flexible Spending Account Direct Deposit Authorization Form* and fax it toll-free to **1-888-367-3305**, or mail your completed form to Spending Account Plan Administrator, P.O. Box 67128, Los Angeles, CA 90067. The form can also be used to cancel your direct deposit reimbursement, or to update your bank account information

The spending account plans may be amended from time to time or terminated at any time by the County. Subject to the approval of the Board of Supervisors, the CEO (or his or her delegate) is authorized to interpret the terms of the spending account plans, and any action will be binding on all participants and their beneficiaries.

The information in this booklet does not supersede any plan documents. If any information in this booklet conflicts with the plan documents, the plan documents will control in all cases.

FOR THE 2009 PLAN YEAR, EXPENSES MUST BE INCURRED BY DECEMBER 31, 2009 AND SUBMITTED FOR REIMBURSEMENT BY JUNE 30, 2010. EXPENSES ARE INCURRED WHEN A SERVICE IS PROVIDED OR A PRODUCT IS RECEIVED, NOT WHEN THE BILL IS SENT OR PAID.